

Balaxi Pharmaceuticals Limited

Transcript of 80th Annual General Meeting held on Friday, August 25, 2023 at 11:30 a.m. through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”)

➤ Presence:

Sno.	Name of the Directors/ Attendees	Designation
1.	Mr. Ashish Maheshwari	Managing Director; Chairperson of the Board and Risk Management Committee.
2.	Mrs. Minoshi Maheshwari	Director; Chairperson of Corporate Social Responsibility Committee.
3.	Mr. Kunal Mahendra Bhakta	Independent Director and Chairperson of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.
4.	Mr. Mangina Srinivas Rao	Independent Director
<u>In Attendance:</u>		
5.	Mr. Udayan Shukla	Company Secretary and Compliance Officer
<u>By Invitation:</u>		
6.	Mr. Pranav Maheshwari	Senior Vice President – Business Development
7.	Mr. Sunny Purohit	Chief of Staff and Vice President – MD’s Office
8.	Mr. Yogindunath S	Scrutinizer and Designated Partner of BVR & Associates Company Secretaries LLP, Secretarial Auditors.
9.	Mr. A.S. Rao	Partner of M/s P. Murali & Co., Chartered Accountants, Statutory Auditors

Mr. Udayan Shukla, Company Secretary and Compliance Officer:

Good Morning Ladies and Gentlemen.

This is Udayan Shukla, Company Secretary and Compliance Officer of the Company and it gives me immense pleasure to welcome you all to the 80th Annual General Meeting (AGM) of Balaxi Pharmaceuticals Limited which is being conducted via Video Conferencing (VC)/ Other Audio Video Means (OAVM) in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI). The registered office of the Company situated at Hyderabad shall be deemed as the venue for this AGM to transact the businesses as mentioned in the notice.

Registered Office:

Plot No. 409, H. No. 8-2-293, Maps Towers, 3rd Floor, Phase III, Road No. 81, Jubilee Hills, Hyderabad (T.G.) - 500 096

CIN: L25191TG1942PLC121598

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I would like to introduce the Directors and other dignitaries who have joined the AGM from their respective locations:

1. Mr. Ashish Maheshwari, Chairman and Managing Director
2. Mrs. Minoshi Maheshwari, Director
3. Mr. Kunal Bhakta, Independent Director and Chairman of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee
4. Mr. Mangina Srinivas Rao, Independent Director

I would also like to confirm that partner of M/s P. Murali & Co., Chartered Accountants, Statutory Auditors and Designated Partner of M/s BVR & Associates Company Secretaries LLP, Secretarial Auditors and scrutinizer for the meeting and e-voting processes are also attending the meeting.

Since the requisite quorum is present, with the permission of Chairman, I call the meeting to order.

All members who have joined this meeting are by default, placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting. The access to join this meeting opened 30 minutes before and will be kept open throughout the meeting.

I would like to inform you that, in accordance with the provisions of the Companies Act, 2013, MCA & SEBI Circulars, Company has taken all of the necessary steps and made every effort under the current circumstances to enable members to participate in this AGM via VC/OAVM.

I would also like to take this opportunity to inform the members that the Register of Directors and Key Managerial Personnel and their shareholding, the Register of Contracts in which Directors are interested, as well as any other documents that are mandated to be made available for inspection by the members in accordance with the Act, are available for inspection electronically. Members, who are interested in inspecting the same, may also send an email to secretarial@balaxi.in.

As this AGM is being held through VC / OAVM, the facility for appointment of proxies by the members is not applicable.

I would like to inform you that the Company has, in accordance with the provisions of the Companies Act, 2013, the Rules made thereunder, and the SEBI Listing Regulations, provided remote e-voting facility to its Members to cast their votes electronically on the resolutions proposed to be passed at this AGM.

The remote e-voting commenced on Monday, August 21, 2023 at 9.00 a.m. and ended on Thursday, August 24, 2023 at 5.00 p.m.

Members, who are present at this Meeting today and have not voted earlier through remote e-voting, may cast their vote by voting during the meeting through e-voting facility provided by CDSL. The icon for e-voting is available on the screen.

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Please note that Members who have voted earlier by remote e-voting are not eligible for voting at the AGM. If such Member casts vote, voting done through remote e-voting shall prevail and votes cast at this Meeting shall be treated as invalid.

The Board of Directors has appointed BVR & Associates Company Secretaries LLP, as the Scrutinizer for the meeting and e-voting process.

I now request the Chairman to address the members.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Good Morning, Dear Shareholders. I welcome everyone to this Annual General Meeting for the Financial Year 2022-23. The Annual Report has already been sent to all the shareholders and I hope you must have got a chance to go through the numbers.

Just to brief you, In FY23, despite the tough operating environment marked by geo-political upheavals, inflationary trends, impact of global pandemic, supply chain issues, and currency depreciation, we have strategically focused on our newly launched geographies in the Latin American markets — Guatemala, Honduras and El Salvador. These LATAM markets grew by 37% and have contributed 40% of our pharmaceuticals revenues and we are confident of increasing this further as we penetrate these markets and increase volumes. Our mature presence in Angola has also contributed with another steady performance contributing 60% of the pharmaceuticals business.

As you know, in LATAM Markets, the growth not only depends just on volumes but also on number product registrations we get from the Ministry of Health. As on 31st March, 2023, the number of products registered in our portfolio expanded to around 808 across six countries in Africa and Latin America. Apart from this, we have another 700 products under registration or in pipeline for registration. In the last financial year, we have upgraded and built a very robust regulatory department, which we are working very hard on from the last three years. The entire road map has been laid for the next six months, which is being led by Mr. Pranav Maheshwari, Senior Vice President – Business Development, on what all products to be filed.

Apart from the existing markets, we are also starting our business in Ecuador and we have also filed four products for registration. We are also looking at Chile as our prospective market.

We expect to move forward in the Latin American markets as planned, the growth will remain in the range of 25% this year, as the product registrations were a bit slow to get this year. Angola, as we all know from the Q1 results, there has been a major currency depreciation across all countries in Africa like Nigeria, Congo, Angola, Kenya and Ivory Coast. We also saw the same thing which was reflected in our Q1 results. Now, the dollar depreciation in Angola has stabilized. From 505 to a dollar around 10th of May, it depreciated to around 850 to dollar, by the end of June. Now it has stabilized, we have seen a stabilized dollar in Angola from the last 50 days, the dollar has been around 850-860 range. So, we are now seeing the dollar market become stable but the markets of pharmaceutical products is now stabilized but not to the extent that we want it to stabilize and we have seen a drop in volumes in Angola, but

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the dropped volumes are stable, Volumes have dropped but they are stable. We expect the sales in Angola to improve quarter on quarter. For the next three quarters, we can see improvements. Now, it is off season in Angola till October for Pharmaceuticals because it's winters in Angola right now. We expect improvement to happen every quarter from the results of Q1, we expect improvement to happen in this quarter, the next quarter and the quarter after that but yes, there is a drop in volumes, which we will see in this quarter, which may improve only in the next quarter and the quarter after that.

LATAM, as I said, the roadmap is completely laid out till FY 2026-27, very strong pipeline of products coming in, everything is under our control except for the time that it takes to get the product registrations, we have seen a major improvement in product registrations coming in with the new filings we are doing, That's it from the management side. Thank you.

Mr. Udayan Shukla, Company Secretary and Compliance Officer:

Thank you, Sir, I would also like to introduce Mr. Pranav Maheshwari, he is the Senior Vice President – Business Development. He leads the business in the Latin American region.

Also, if any of the Independent Directors want to add something to what Chairperson said, they can add to it.

Mr. Kunal Mahendra Bhakta, Independent Director:

No, I think, the brief which Ashish gave quite sums it up and if as part of Q&A any questions come up, I will be addressing it.

Mr. Udayan Shukla, Company Secretary and Compliance Officer:

Surely sir, Thank you.

Now moving on to the proceedings of the meeting, the Notice convening this meeting along with Annual Report for the year 2022-23 has already been circulated to the members. With your permission, I shall take them as read. All the resolutions mentioned in the notice of 80th AGM are now tabled before the meeting.

Statutory Auditors Reports for the Financial Year ended March 31, 2023, do not contain any qualification, observation, comment or other remarks or disclaimer and hence the Statutory Auditors' Reports are taken as read.

Further, Secretarial Auditors Report is also a part of the Annual Report and there are no qualifications, observations or comments or other remarks in the Secretarial Audit Report that has any material adverse effect on the functioning of the Company and hence, the Secretarial Auditors Report is taken as read.

All resolutions proposed in this AGM shall be decided through e-Voting only. There will be no proposing or seconding of the resolutions or voting by show of hands or ballots.

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Pursuant to the Secretarial Standards, please note that as per the Notice of AGM, the resolution nos. 1 to 4 are mandatorily required to be passed at an AGM under the provisions of the Companies Act, 2013 and resolution no. 5 is a special business, considered as important and unavoidable by the board and hence is proposed at this AGM. I would like to inform the members that, the text of resolution and the explanatory statement, wherever applicable have been provided in the notice convening this AGM and has been circulated to the members and is also available on the website of the Company.

For the information of the members, I will read out the items as proposed in the notice of the AGM:

Ordinary Business:

Item No. 1 – Adoption of Audited Standalone Financial Statements.

Item No. 2 – Adoption of Audited Consolidated Financial Statements.

Item No. 3 – Re-appointment of Mrs. Minoshi Maheshwari (DIN: 01575975) as a director, liable to retire by rotation.

Item No. 4 – Re-appointment of M/s P. Murali & Co., Chartered Accountants, as Statutory Auditors of the Company.

Special Business:

Item No. 5 – Re-appointment of Mr. Mangina Srinivas Rao (DIN: 08095079) as an Independent Director of the Company.

After completion of the scrutiny of the electronic votes, the Scrutinizer will submit his report to the Chairman. The voting results along with Scrutinizer's Report will be announced within two working days of the conclusion of AGM. The said results would be displayed at the Registered Office of the Company and on its website at www.balaxipharma.in and simultaneously intimated to the CDSL and NSE. The Scrutinizer's decision on the validity of votes cast will be final.

The members who have not voted on the resolutions yet, either through remote e-voting or during the meeting, may vote now. The voting window will be open for 15 minutes after the conclusion of the meeting.

The meeting is now open for discussion and queries if any. I, now handover the proceedings to moderator to call the names of the shareholders registered as speaker one by one.

Moderator: Ok Sir, Mr. Praful Chavda has not joined. Mr. Kamal Kishore Jhawar, please unmute yourself, please unmute. Sir, shall we go to the next person?

Mr. Udayan Shukla, Company Secretary and Compliance Officer:

Let's proceed further with other speakers and we will come back to Mr. Kamal Kishore.

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Moderator: Redeppa Gundluru also not joined, Mr. Srikanth Jhawar, kindly unmute yourself, I guess there is some issue at Mr. Srikanth's end, Mr. Bharat Raj also not joined, Mr. Sanjay Kushwah, please unmute sir.

Mr. Sanjay Kushwah, Speaker:

Good Morning everyone, What are the future plans for expansion of the Company?

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

On the sales side, we will continue with our stock and sell model, we have around 700 products in the pipeline for registration across Latin American markets. Future expansion of sales will be driven by Latin America and the pace there is set. Last year, we grew by 37% in Latin American market. This year, might not see such a large number but we can see a good number of around 25% is what we're expecting and we'll get back to the 30% plus numbers from next year is what is visible to us. Further, for the next three to four years, we are set in the Latin American Markets for our growth.

Moderator: Hansraj Singh not joined, Mr. Zibi Jose, please unmute sir.

Mr. P P Zibi Jose, Speaker:

Good Morning Respect Directors, I am PP Zibi Jose.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Good Morning Mr. Jose, How are you?

Mr. P P Zibi Jose, Speaker:

Fine, Fine sir, very happy to be part of this AGM. I have got only two questions. I request the chairman to give me a clarification on it. First question is sir, what is the policy of the company with respect to hedging of foreign exchange and risk as also the policy on the insurance on such foreign exchange commitments? Second question is sir, what is the status of the completion of the new manufacturing unit which planned and which you announced that it will be commissioned sometime in March 2024? Those are the only two questions to be answered. Thank you very much for permitting me to attend this function, sir. Thank you.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Regarding hedging of foreign currency, we are exposed to foreign currency fluctuations in the countries that we work in because we have our own warehouses and subsidiary companies there. So, what we need to hedge, if at all we can hedge, is the currency in which we sell our goods, like in Angola, it would be the Kwanzaa, in Guatemala it would be Quetzal, in DR it would be a different currency, but unfortunately there is no hedging available, banks do not hedge these currencies at all. There is no mechanism to hedge these currencies against the US dollar. So, there is no way we can hedge our currency and take the risk out of this. One more

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way in which we can hedge is from India in the dollars in which we bill to all those countries, but, we have always seen in the last 15-20 years that in the dollar hedging, the rupee always depreciates against the dollar. So, we have always made gains on foreign exchange.

Now, Coming to your second question on the manufacturing facility. We are still on the design stage for two reasons. One is that the object of the preferential issue was to set up a manufacturing plant and we had thought that we can start the construction of the plant and complete it and we can collect the installments against warrants from the warrant holders but then the law states that they have 18 months to pay the balance amount to convert their warrants into shares. We can very well understand that investors have various other commitments and opportunities at various times, so, they are taking their time to pay the balance amounts on the warrants. As soon as we see more traction in the amounts coming in they will be used for the object for which we have issued the warrants. The amounts that have already come in are lying there in a separate bank account. There might be a slight delay in starting the construction of the plant because once we start the construction of the plant the capex moves very fast nowadays and within twelve to thirteen months the entire project can be completed. We have had a detailed talk with all our consultants and vendors, and they have said that once the project starts, the flow of money cannot stop. If the flow of money stops, then it becomes an issue. And we do not want to divert our working capital. We don't want to start the project and then a situation may come where we have to divert our working capital towards Capex which we don't intend to do. There has been a slight delay and we will keep you updated.

Mr. P P Zibi Jose, Speaker:

Ok Sir, Thankyou very much for the clarification.

Moderator: Mr. Reddeppa Gundluru, please unmute. He is unable to unmute himself. Mr. K. Bharat Raj, please unmute yourself.

Mr. K. Bharat Raj, Speaker:

Very good morning. Entire Board of Directors. Chairman Sir, I'm Bharatraj calling from Hyderabad. Chairman sir. Wonderful sir, you are taking my company to the African country and have created a very good brand, sir. And you are giving the best medicines to that country who are very poor people, sir, it's a wonderful business sir. In India I hope nobody is there who went to these types of countries in Africa where nominally you're providing them medicine, sir. Wonderful Chairman sir. Chairman sir, please let me know regarding the dividend payout. Sir, please look into the dividend payout also. Chairman sir, we want to meet you personally, So, give the opportunity. Our Company Secretary has sent me the annual report. Chairman sir, the link has not been sent sir I should personally go to the CDSL and it has created lot of problem to join. My best wishes to you all the best for coming sir next time you have a physical AGM we can meet face to face.

Mr. Reddeppa Gundluru, Speaker:

Thank you, sir. There is a technical problem. So finally, I'm able to speak in.

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First of all, my Chairman and Board of Directors. Good morning. Namaste Maheshwari Sir.

First of all namaste sir. My name is Reddeppa Gundluru from Hyderabad. I'm a financial advisor. I requested for the annual report and within short notice I received I felt very happy. So, when I received and I gone through the annual report from first page to last page, there is a very colorful wonderful information with the picture, sir. I felt very happy. Each and every information is contained in the annual report and balance sheet. So that's the reason, My special thanks to all the people who have prepared the annual report. the CFO, the Company Secretary, All the management. Thank you, sir. And also I found out there is a very good corporate governance company and transparency. And also the financial performance is consistently growing year on year. And that is wonderful. Wonderful dividend. Wonderful sir. So keep it up.

You have very good growth mindset. Everybody as a team you are working hard. So that's the reason our wealth is creating a lot. And thank you so much, sir. Thank you for wonderful CSR and other activities. My question is what is your next vision and mission for the coming financial year Sir?. I have not found any other queries under your leadership sir. There is no single black spot in my company and I appreciate you sir and go ahead, we are with you also I have already evoted all the resolution support all the resolution I would like to thank my company secretary for wonderful services, received the annual report well in advance, Softcopy also received through email. I wish all the best and I personally believe that Mr. Chairman MD garu under your leadership my company will achieve many more higher awards and coming financial year I will receive many more higher heights under your dynamic leadership. So that's reason I wish good health, happiness to you and total board of directors and all the hardworking employees. We have faith on you sir, trust on you. Go ahead and thank you so much for giving this opportunity to speak in front of the board.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Thankyou Mr. Reddeppa, Thank you very much.

We are very focused on expanding our operations and sales in the Latin American Markets i.e., Dominican Republic, Guatemala, Elsalvador, Honduras and recently added Ecuador. These markets have a very unique opportunity for us to expand because we are already present on the ground in all these markets. These markets have an extensive registration process for products. So, we are in the process of registering at least 145 products or more in each of these markets. We already have that many number of products in Dominican Republic and in Gautamala. We have around 90 products, in El Salvador and Honduras, we're working towards that and now Ecuador also. The roadmap is very clearly laid out for Latin American Markets till FY 2026 - 27 and from the last financial or this financial year, the strategy is working and we are growing in those markets and we are expecting to grow in those markets from whatever we clock in financial year 23, we are expecting to grow at least 150% from that point in the financial year 26-27. So we did around 100 crores in those markets and we are very confident that we'll do 250 crores, a minimum of conservative 250 crores, it can go up to 300 crores also, but I'm very conservatively speaking 250 crores by 26-27 in Latin American markets. We have done all the groundwork for that. We are on the ground. We have all the experience to execute it. The entire

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Latin American market is being headed by Pranav Maheshwari. He is very focused on LATAM Markets and the regulatory department, He is not focusing on Angola Market, he visits LATAM markets for 15 days every two months. So it's all, we have a good team there in Latin America. So that's for the next three years, we are set for whatever I have said in the Latin American Markets and we don't foresee much competition coming in because of the rigorous registration process and our strategy of having 145 products registered which I think only one company which has been able to achieve that from India. We have achieved it in DR and are on the way to achieve it in other countries.

Mr. Udayan Shukla, Company Secretary and Compliance Officer:

And Bharatraj Sir, you asked a question about the dividend payout. So, for dividend payout, Company declared a dividend for FY 21-22. This year, the Board of Directors, after considering various factors such as elongated working capital cycle and the Capex requirement, has not recommended any dividend. For the next year, the board will see how the situation is and the dividend distribution policy is also available on the website. If you want, you can go through the same.

Moderator: Mr. Kamal Kishore Jhawar, please unmute sir.

Mr. Kamal Kishore Jhawar, Speaker:

Namaskar to Chairman and Board of Directors, when, the Company was acquired, it was a small company, but after the acquisition, the Company has grown, the share price reached 1500 also, we have received physical Annual Report from the Company Secretary. I request you to keep VC meeting every year as it will help us to join from anywhere. I just want company to be strong financially, Thank you.

Mr. Ashish Maheshwari, Chairman of the Board and Managing Director:

Thank you, with no further queries / questions, we will move on to the vote of thanks.

I would like to take this opportunity to extend my gratitude to the attendees for participating in this meeting via video conference. I would also like to extend my gratitude to the members as well as the rest of the team for their contributions to the accomplishment of this AGM. I would like to thank each of my fellow board members.

I now declare the meeting as concluded. With your consent, I and other members of the Board and senior management team would like to leave the meeting and request all the members to stay safe and healthy.

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